

NIPSCO Gas PPS

OUCS Consumer Fact Sheet

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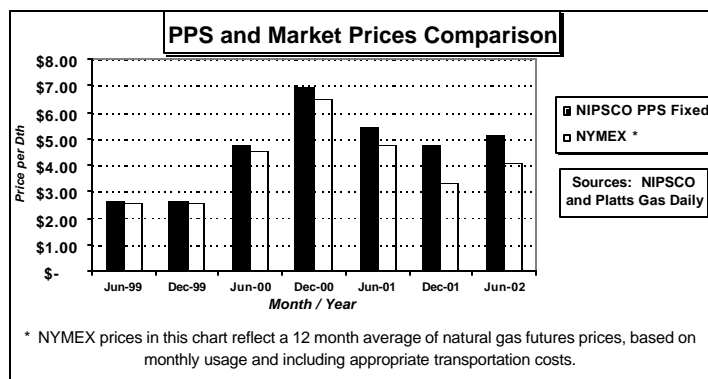
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Quick Facts:

- ♦ PPS fixes only the price of gas, not the bill amount.
- ♦ PPS carries a price premium set solely by NIPSCO and not regulated by the State.
- ♦ BudgetPlan manages high bill amounts with no price premium.
- ♦ PPS may or may not save you money. It is a **price stability** program and not a savings program.

The natural gas Price Protection Service (PPS) options offered by Northern Indiana Public Service Company (NIPSCO) allow a customer to “fix” or “cap” the price of his or her gas supply. In exchange for the “fixed” or “capped” price, NIPSCO adds a premium that typically puts the PPS price above NIPSCO’s current regulated natural gas supply prices and the prices on the competitive wholesale natural gas market. The following chart compares PPS Fixed prices with a frequently used benchmark:



Prices on the wholesale natural gas market are volatile and can rise or fall sharply in short periods of time. NIPSCO’s regulated natural gas prices reflect these changes. As a result, some customers may be interested in exploring PPS, BudgetPlan or other options. (For more details on natural gas prices and monthly bills, see the OUCS’s “Natural Gas Prices” consumer fact sheet.)

Will PPS save me money?

PPS is designed to provide a fixed or capped per unit price for 12 months in exchange for a price premium. In order for the PPS customer to save money, NIPSCO’s regulated gas price would have to rise above the PPS price for a period of time sufficient to overcome the premium and profit built into the PPS price.

Is PPS right for me?

Only you can answer that question. Carefully study your options before enrolling in PPS:

- Be aware of the current and future wholesale natural gas prices (which are indicative of what NIPSCO pays on the open market).*
- Be aware of the PPS premiums and how they affect your bill.
- Carefully read and understand your rights and obligations under the PPS Service Agreement.
- PPS is **optional**. You do not have to enroll.
- If you’re concerned with managing high winter gas bills, enroll in NIPSCO’s BudgetPlan program at no additional cost.
- Know that with PPS, you will be entering into a one-year agreement that will automatically renew itself (unless you tell NIPSCO not to do so at least 30 days prior to your renewal date).
- Understand the early termination penalties for PPS. They can be substantial (up to \$120) and apply even if you move to a different home in the NIPSCO service area.

Will PPS reduce my monthly bill?

PPS affects only the gas supply portion of the bill (40-60%) and not the delivery and transportation portions. The most important factor affecting the size of a monthly bill is the amount of gas used. If NIPSCO’s regulated gas price rises above the PPS contract price, the PPS bill will be lower. However, winter gas heating bills will remain much larger than summer gas bills whether the customer chooses PPS or not.



Continued on Reverse...

*Current and future natural gas market information is available from a number of sources, including newspapers, libraries and the New York Mercantile Exchange (NYMEX) Website: www.nymex.com

NIPSCO is allowed to offer the PPS, Choice and Dependabill options under alternative regulatory plans requested by NIPSCO and approved by the State.

Ten Consumer Tips on NIPSCO PPS

- ◆ Prices on the competitive wholesale market are volatile. They change daily and can sharply increase or decrease in a short period of time.
- ◆ No one can guarantee what the wholesale natural gas market will do in the future.
- ◆ Gas suppliers and utilities can “lock” or “hedge” future prices in the wholesale market by using such financial instruments as “futures” and “options.”
- ◆ PPS is not intended to guarantee savings or provide certainty regarding the monthly bill amount.
- ◆ PPS price quotes may change depending on market data. Carefully note and confirm the price quote you are promised when and if you sign up.
- ◆ If you enroll in PPS, you have a five-day grace period to cancel the agreement without penalty. If you make no additional contact with NIPSCO within that period, you are enrolled in PPS for one year.
- ◆ If you cancel a PPS agreement after the grace period ends, you can be penalized up to \$120 for early termination (\$10 per month for the remainder of the term).
(This can apply even if you move to another location within NIPSCO’s service area.)
- ◆ PPS agreements are valid for one year, and **automatically renew** at a new price determined solely by NIPSCO (unless you request cancellation of the PPS agreement at least 30 days before the termination date).
- ◆ NIPSCO offers PPS agreements throughout the year, and not just in the fall or winter.
- ◆ Know all of your options, rights and obligations before entering into a PPS agreement.

How can I manage high winter gas bills?

The OUCC encourages all natural gas customers to consider budget billing, which levelizes payments over a specific time period (usually a year). NIPSCO’s program is named “BudgetPlan.” If you are on a budget bill plan, you will know how much you will owe for service each month. The very high bills you would normally receive during the winter are reduced by moving a portion of the payments to other months when gas bills are traditionally lower.

By comparison:



- PPS fixes the per unit price of gas, while BudgetPlan fixes the amount of the monthly bill.
- PPS involves a price premium set solely by NIPSCO and not regulated by the state, while BudgetPlan is based on regulated prices established by the IURC.

• BudgetPlan involves a “true-up” at the end of the budget period, to account for differences between actual costs and the amount paid. PPS does not include a “true-up.”

What are my PPS Options?

Participation in PPS is entirely voluntary and is not required. Interested NIPSCO customers may choose to enroll at any time, and may choose from two options:

• **PPS Fixed Price:** NIPSCO fixes the per unit price that you pay for a one-year period. The price is not regulated by the Indiana Utility Regulatory Commission (IURC) and may be substantially higher than the regulated price.

• **PPS Capped Price:** NIPSCO sets a “cap,” or maximum price per unit, that it can charge you for gas supply for a one-year period. A fee is charged for this option and is added to the supply price you pay. Neither the fee nor “cap” are regulated by the IURC. Your actual supply price will be set by adding (a) the capped fee to the lower of (b) NIPSCO’s regulated GCA price or (c) your “cap” price.

What are my other gas supply options?

• **“Traditional,” Regulated GCA service:** The gas supply price NIPSCO charges may vary from month to month, but is subject to OUCC review and IURC approval. The price reflects NIPSCO’s actual gas costs.

• **NIPSCO Choice:** A supplier competing with NIPSCO buys gas for you at a price and terms that are not regulated by the IURC. For more information, contact NIPSCO and review the OUCC consumer fact sheet on NIPSCO Choice.

• **NIPSCO Depend-a-Bill (Fixed Bill Option):** NIPSCO is offering this program on a pilot basis with limited enrollment. This option fixes a consumer’s monthly bill at a specific amount (with no “true-up” at the end of the contract period) in exchange for an additional fee. For more information, review the OUCC consumer fact sheet on Depend-a-Bill.

The Indiana Office of Utility Consumer Counselor (OUCC) is the state agency that represents the interests of all utility consumers and the general public in matters related to the provision of utility services. The agency is active in proceedings before regulatory and legal bodies, and committed to giving consumers a voice in the creation of utility service policy.